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BY FACSIMILE

June 20, 1995

MEMORANDUM

Attached is a memorandum responding to an inquiry that we received from Shira Modell of the Federal Trade Commission earlier this year. Ms. Modell asked what percentage of the cigarette market consists of brands for which "tar" and nicotine ratings are provided either in advertising or on packages. As you may recall, at the National Cancer Institute's Conference on the FTC Test Method last December, Dr. Harold Freeman suggested that as much as 40 percent of the market consists of "generic" brands that – "for the most part," he asserted – are not advertised, and for which such ratings therefore are not provided. In April, a story along the same lines was published in the *Journal of the National Cancer Institute*, a copy of which also is attached.

The attached memorandum reports that, in fact, over 90 percent of the cigarettes sold in this country are brands that provide "tar" and nicotine ratings in their advertising, and some of these brands also provide the ratings on their packages. We reached that conclusion first by determining from each of the five manufacturers which of their brands are supported by advertising, and then adding up the market share as reported by Maxwell for all of those brands. Obviously, some brands are heavily advertised in a variety of media, while others are advertised only at the point of sale, but the fact is that consumers are provided with "tar" and nicotine ratings for all of these brands. Maxwell reports that eight percent of the market consists of non-branded private label cigarettes, and it is presumably within this category that "tar" and nicotine ratings are not provided.

If there is no objection, we would propose to provide Ms. Modell with a copy of the attached memorandum under cover of a letter along the lines of the foregoing two paragraphs.

David H. Remes

cc: Mr. Dobbins
Mr. Holton
Ms. Keane
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